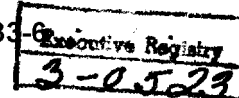


CONFIDENTIAL

12-D-1507

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9 June 1952

2325

TO: Director of Central Intelligence  
THRU: Deputy Director (Administration)  
FROM: Chief, Organization and Methods Service  
SUBJECT: Staff Study Re Establishment of a Board of Contract Appeals.

1. PROBLEMS

- a. Necessity for establishment of a Board of Contract Appeals.
- b. If established, what should be the make-up of its membership.

2. ASSUMPTIONS

- a. The growth of the Agency will bring about a larger number of contracts.
- b. Some of these contracts will involve disputes between the Agency and contractors.

3. FACTS BEARING ON THE PROBLEM

The majority of Government departments and agencies, including the Armed Services, have Boards of Contract Appeals which are the authorized representatives of the heads of the respective Departments or Agencies.

4. DISCUSSION

- a. The CIA standard "disputes" clause (see Tab A for full clause) provides for a "written appeal addressed to the Director" and further states "the decision of the Director or his duly authorized representative for the hearing of such appeals shall be final and conclusive". Under the present arrangements, unless the Director or his designated representative gave personal attention to appealable issues from the Contracting Officer, a contractor might claim the right to seek direct relief in the courts for our failure to provide the prescribed administrative remedies.

Most Departments or Agencies have standing Boards of Contract Appeals which are the authorized representatives of the heads of such Departments or Agencies. CIA has no such Board.

The General Counsel advises that the term "or his duly authorized representative" means, in Government parlance, a board of contract appeals. The validity of this administrative procedure has been established in court decisions.

- d. A standing Board properly constituted would furnish an ever-ready forum to hear appeals and would in due course have a background of experience as a guide. It would be an advantage for the membership of such a Board to include an industrialist, a person with legal background, and a person with financial background. Mr. Stuart Hedden was consulted regarding the advisability of establishing a Board of Contract Appeals, and stated that he felt it advisable.

5. CONCLUSIONS

- a. The establishment of a Board of Contract Appeals is highly desirable.
- b. The members of the Board should not be incumbents of certain positions but selected because of their background and experience.

6. ACTION RECOMMENDED

- a. The Director authorize the establishment of a Board of Contract Appeals.
- b. That the Board be constituted not by position, but by persons named by the Deputy Director (Administration).
- c. That the membership of the Board be made up of
- (1) Person with industrial background
  - (2) Person with legal background
  - (3) Person with financial background
- d. That the attached Regulation and Rules of Procedure be approved for publication.

W. L. PEEL  
Chief,

Organization & Methods Service

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ANNEXES:

1. Disputes Clause  
2. Proposed  
3. Rules of

25X1A

CONCURRENCE:

General Counsel

Date

ACTION BY APPROVING AUTHORITY:

Date

Approved (disapproved), exceptions, if any.

Director of Central Intelligence

Draft of Phrase to be added to Staff Study on Board of Contract Appeals.

4(c) In view of these decisions, the authority to <sup>make</sup>~~appeal~~ findings in the name of the Director should be delegated directly to the person or board involved so that demonstration to a Court of the final cut-off place can easily be made. This requires an exception to the normal chain of command responsibilities, but is the practice adopted by the Defense Departments and other agencies who have encountered this problem.

Colonel White:

Do you wish DCI to sign proposed  
section of Regulations? We can use facsimile  
signature.

Do you wish to hold up proposed  
"P" Notice until Mr. Wolf returns?

LAQ

CENTRAL INTELLIGENCE AGENCY  
OFFICIAL ROUTING SLIP

TO		INITIALS	DATE
1	Acting DD/A		
2			
3			
4			
5			
FROM			DATE
1	Chief, Procurement & Supply		8/4/52
2			
3			

- |                                      |   |                                    |
|--------------------------------------|---|------------------------------------|
| <input type="checkbox"/> APPROVAL    | <input type="checkbox"/> INFORMATION          | <input type="checkbox"/> SIGNATURE |
| <input type="checkbox"/> ACTION      | <input type="checkbox"/> DIRECT REPLY         | <input type="checkbox"/> RETURN    |
| <input type="checkbox"/> COMMENT     | <input type="checkbox"/> PREPARATION OF REPLY | <input type="checkbox"/> DISPATCH  |
| <input type="checkbox"/> CONCURRENCE | <input type="checkbox"/> RECOMMENDATION       | <input type="checkbox"/> FILE      |

**REMARKS:** The establishment of a Board of Contract Appeals may be needed and is highly desirable in order to settle future disputes between contractors and contracting officers of this office. With the large number of contracts that are now in existence, the law of averages will probably present certain disputes between this Agency and contractors.

James A. Garrison

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the basic staff study, all the rest can be done  
over your signature.



RSW

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